



LONG LANE PROPERTY LAND USE STUDY

S A S A K I

Hamilton, Rabinovitz & Alschuler, Inc.

INTRODUCTION

Wesleyan University contracted with Sasaki Associates, Inc. and Hamilton, Rabinovitz and Alshuler, Inc. (the Project Team) to help the University understand its development options for the Long Lane property. To start this process the Project Team undertook data collection and analysis, documenting the opportunities and constraints that the land represents, and learning about stakeholder interests. That effort was presented to the University in August 2000.

The Project Team then undertook an Options Analysis (Section 4) in which over 25 potential uses for Long Lane – proposed by the University, Long Lane stakeholders and the Project Team – were considered. This analysis, completed in October 2000, focused on market viability, relevance to Wesleyan's core mission, value to Middletown, and the environmental consequences of each development option. Working closely with the University, this work was evaluated for practical and political viability, both as short- and long-term opportunities. The result was delineation of higher and lower priority initiatives to benefit the University's mission, the University's financial goals and civic interests.

The Project Team's next step was a strategic real estate analysis and consideration of land use design to propose options which best respond to the University's objectives for this study. Three alternative visions for the site were generated from the analysis. During the course of reviewing these with the University, a consensus alternative that relies on aspects of the three alternatives (the "recommended" plan) emerged.

PROPERTY DESCRIPTION

Long Lane is a 160-acre site currently occupied by the Connecticut Department of Children and Families Long Lane School (the School). It was purchased by Wesleyan University in 2000.

The land is bisected by Long Lane, which effectively creates two parcels. The west sub-parcel is 66 acres and the east sub-parcel is 94 acres. The site is zoned single-family residential and is surrounded on three sides by residential neighborhoods. To the north, the site abuts institutional and commercial uses. Immediately beyond is Wesleyan University.

At present, the School occupies 38 buildings. Some of these are already vacant as the School prepares to relocate. The buildings are mostly located on the east side of the site in a campus-like setting. (Note: the Project Team surveyed the quality of these buildings in 2000 and suggests that they have very limited reuse potential due to code violations and the existing retrofit for their use as a detention facility. Thus, demolition is recommended for all but the historic residential structure on the west side of Long Lane.)

Areas not developed for the School's use are largely undisturbed open space and pastures. The site commands some outstanding views (in and out) and is considered an aesthetic asset to the community. A historic feature of the landscape is the allée of trees that marks the original alignment of Long Lane. Fifty-one acres of the site are not available for development because they are steep slopes and wetlands (including wetland buffer).

The site is well served by utilities and has easy access to the regional transportation network. Its soils are suitable for building construction. At present, a study is underway to identify onsite contamination. The terms of the University's purchase of the property dictate a State of Connecticut study and remediation of contamination with University review and approval of that effort.

PLAN ALTERNATIVES AND OBJECTIVES

Overview

The Project Team developed four Long Lane development options for University consideration. Each of these is presented graphically, with a brief description of full development capacity and a financial analysis based upon a 16-year cash flow. These options are:

- Academic Land Use Plan
- Civic Land Use Plan
- Commercial Land Use Plan
- Recommended Land Use Plan

Wesleyan's prime objective in commissioning this study was to obtain an independent evaluation of areas of overlapping interest of the communities involved:

- Wesleyan University trustees, faculty, students, staff and alumni
- The City of Middletown
- The State of Connecticut

As termed by the University these interests are manifested by possible:

- Uses providing maximum positive impact on the core mission of Wesleyan
- Uses providing maximum financial return for Wesleyan
- Uses providing positive impact on economic/cultural conditions in Middletown

The purpose of organizing the alternatives around each of these goals for the site is to give the University the opportunity to clearly understand the real estate implications of each of its three objectives. During the course of discussions with the University, an alternative emerged that reflects the spirit of compromise inherent in the University's many roles. This alternative, called the *Recommended Land Use Plan*, builds on the discussion of the first three alternative visions for the site and is intended to inform further discussion about the Long Lane property. This Recommended Plan is an implicit summary of the various physical planning and real estate issues attendant to the site.

Plan Descriptions

The objective of the *Academic Land Use Plan* is to assure that the land provides maximum support for the core mission of the University. Conceptually, the plan was molded by concern for ensuring that the institution provides for its growth, that its local and national image be enhanced by the Long Lane property's development, and that alumni support for the University strengthens due to their development decisions on this parcel.

Need for articulated University growth will best be met on the campus proper, with the exception of athletic facilities planned for Long Lane. In response, the Academic Land Use Plan landbanks all of the acreage to the east of Long Lane in anticipation of a yet to be established academic development need, providing the University with an expansion opportunity of significant acreage of land that is convenient to the core campus. To the west of Long Lane, the plan anticipates retirement community housing to be marketed to empty nesters and senior citizens who value the general association and specific opportunity to take courses and participate in extra-curricular activities that the University offers. Although the physical capacity of the site allows for as many as 840 units, the high-end retirement community envisioned typically ranges from 250-450 units on a site of this kind. This plan also suggests provision of open space to the west side of Long Lane.

The purpose of the *Civic Land Use Plan* is to maximize the value of the land to the City of Middletown. The plan is influenced both by local opinions and by consideration of what activities would support the relationship between the University and the municipality. The plan features open space, a sports complex and a third civic use (either a house of worship or an elementary school). It is assumed that the proposed sports complex would serve the University and that the practice field component of it would be made available for public use. As proposed, the sports complex responds to municipal officials' requests for more field space within the City.

This plan anticipates possible extended use of temporary single-family housing on the west side of Long Lane for student or faculty use. The plan's open space will have a simple path system and a small parking lot to facilitate a low level of nature walking. It is assumed that if a house of worship is located here, it will be constructed and maintained by its owner on land sold to the entity by the University or as a result of a land swap for other property already owned by the congregation. If, as an alternative, the City constructs a school on the Long Lane property the Project Team anticipates that the University will donate the needed land as has been suggested by municipal leaders.

The objective of the *Commercial Land Use Plan* is to identify the variety and configuration of land uses that would maximize financial return to the University. In this context, it is important to note that this parcel was not purchased for its income potential, but rather as a strategic move to control its long-term use (specifically to avoid state plans for upgraded prison facilities).

The Commercial Land Use Plan features sale of land for 45 single-family housing lots, development of retirement community housing, creation of up to 200,000 SF of office space, construction of a high-end 250 room hotel/conference center, and a sports complex. The sports complex is on this plan as a requisite need for the University. Opportunity exists for the University to lease these facilities for commercial use.

In the *Recommended Plan* the Project Team combined elements of the three options referenced above to best serve the overlap of the University's three primary objectives for this study. This plan proposes that the east side of Long Lane be preserved for University purposes, both short- and long-range. In the immediate future, athletic facilities would be constructed, as well as trails to establish an open space system. The entire Long Lane parcel should be planned for retirement community housing. (Note: should a potential civic use of eight acres or less—such as school or House of Worship—present itself as a compelling component of this plan, the Project Team recommends that the retirement community parcel be reconfigured to accommodate that use. The southwest corner of the Long Lane parcel offers an excellent opportunity for a compatible use without limiting the value of developing a retirement community on the remainder of the west side of the site.)

Positive Impacts on the University Mission

The most positive impact that this land could have on the University mission has already occurred. University purchase of the land prevents the establishment of a prison as neighbor to its sports facilities and student and faculty housing.

With this formidable task accomplished, the Project Team worked to identify additional benefits that potential use of the land could convey to the University mission. In reviewing the following summary of this analysis, the reader will notice that the benefits described are relatively small. One should consider this within the larger context of the impact of the purchase itself and of the University's current position vis-à-vis municipal development needs. Wesleyan, a prominent member of the Middletown community, has an ambitious goal of managing its in-town real estate investments in ways that will enhance the City's central business district. Some in the community believe that this is reason enough for the University to leave the Long Lane parcel vacant, avoiding any risk of investing there rather than to its east where downtown economic benefit is more likely. Additionally, Wesleyan is fortunate among colleges and universities in urban settings to possess more-than-adequate acreage for its school population, even before the acquisition.

Following is a summary of the proposed land uses for Long Lane that benefit the University's mission:

- As discussed in the attached market analysis, retirement community housing such as that anticipated in the *Academic, Commercial and Recommended Plans* is a growing phenomenon in the U.S. Retirement community housing would enrich the academic experience and reputation in addition to garnering broad-based alumni support.
- Provision of open space as contemplated in the *Academic, Civic, and Recommended Plans* can become a valued element of the University's local image and an asset to some of its arts and science classes. In addition, a coalition of Wesleyan alumni has long urged purchase of this land with open space as a desired use. Finally, provision of open space serves the double purpose of the proposed use for the short-term with the option of development should the University desire expansion on this parcel at a later date.

- As suggested in all four plans, provision of expanded sports facilities for the Wesleyan community is an obvious benefit to the University. The University mission would be further benefited by the development of a complex shared with municipal users.
- A land swap with a neighboring congregation, as suggested for the *Civic and Recommended Plans*, would allow Wesleyan to pursue priority developments in an area more proximate to the campus than the Long Lane parcel.
- If successful, the hotel/conference center anticipated in the *Commercial Plan* could be an asset to the University, though not likely to impact its image or reputation nationally. While the facility would host education-related meetings and thus enhance the University's physical facilities, it would not positively impact the core mission. As with any real estate development, there is risk inherent in this alternative. Although the University would not act as developer of any commercial real estate, the Wesleyan name would inevitably be associated with the project, and the University would essentially put its reputation up as equity in the project, bearing the attendant risk.

Financial Benefit

A land use plan that promised to offset the debt incurred by Wesleyan in purchasing this land would command careful consideration. Unfortunately, after developing a comprehensive list of possible commercial endeavors, market research showed no or weak demand for most uses. Thus, the plans developed for this exercise represent a narrow consideration of commercial uses—housing, office, hotel/conference. As this work took shape, there have been discussions of the desire to pursue a unique (or nearly unique) and yet-to-be-identified demand for the site. The provision of open space in the *Academic, Civic, and Recommended Plans* could be converted for such development should it ever present itself as a real opportunity for this site.

The University anticipates a predevelopment phase through 2007. This 6-year predevelopment phase, coupled with a 10-year build-out period, yields a 16-year planning horizon that forms the basis of the financial analysis for each plan (Section 3). As described below, none of the plans would generate revenue to offset the carrying cost for the site.

- The *Academic Plan* would be a net financial loss over the planning horizon. The University would realize revenues through the sale of land for retirement community housing. This calculation assumes that land would be sold in order to provide the capital to retire portions of tax-exempt debt and enable reuse of the property for commercial purposes. However, the other uses – athletic and open space – come with an annual operating cost of \$175,000-\$200,000 per year to maintain.
- The *Civic Plan* has the most negative fiscal consequences of the alternatives, with estimated operating costs of over \$4 million to the University over the planning horizon. This plan is without a revenue source and, as in all scenarios, the analysis assumes University responsibility for open space maintenance. If the University pursued this plan, it should consider making the commitment to maintain significant amounts of open space in perpetuity. In that instance, a portion of the property could be deeded over to the City (with use restrictions) allowing maintenance costs to be

taxpayer supported. Other opportunities for maintenance to be assumed by state or private conservation groups could also be explored.

- Largely because revenues from land sales would allow for the early retirement of the debt incurred by the University in financing the initial acquisition of the property, the *Commercial Plan* would reduce annual debt service payments by approximately \$400,000 at the end of the planning horizon. From a financial viewpoint, this is the best plan.
- The *Recommended Plan* addresses the University's risk tolerance by obviating the need for the University to associate itself with the financially speculative challenges of developing office and hotel/conference, as discussed in the *Commercial Plan* description. The University would realize revenues through the sale of land for retirement community housing. This calculation assumes that land would be sold in order to provide the capital to retire portions of tax-exempt debt and enable reuse of the property for commercial purposes. It is important to note that although developers could lease the property for the long-term and obtain necessary financing, commercial reuse would jeopardize the tax status of the debt and would likely result in the need to refinance at commercial rates. It is unlikely that, given current market conditions, incremental interest costs would be covered by lease payments.

Civic Advantages

Following is a summary of the key economic and cultural advantages to the City of Middletown associated with featured land use components of the four plans:

- Retirement community housing as described in the *Academic, Commercial and Recommended Plans* provides economic and fiscal benefits. Similarly situated alumni communities have tended to attract affluent residents who spend some portion of their disposable income in the immediate downtown area. In addition, these empty nesters pay local property taxes without the offsetting costs associated with school children.
- The *Academic, Civic and Recommended Plans* provide a significant amount of open land for public enjoyment.
- Abutters to the Long Lane property, which include Wesleyan staff, faculty and students, would support the *Academic, Civic and Recommended Plans*, as would municipal officials and the Middletown business community. Generally, abutters of Long Lane focus their interests on non-economic objectives that avoid pollution-generating activities and offer increased access to the site for passive recreation. Middletown officials have expressed some interest in open space, land for a school, and expanded sports fields. (Note: the City's interest seems tied to the expectation that the University would develop and maintain the sports complex for public use, whereas the Project Team recommends this route only if the University also makes use of the fields for its own use.) The Middletown business community is relatively unconcerned about the variety of civic uses that might be placed on this land. Its concern is that the uses developed here might compete with rather than enhance the viability of the City's central business district.

- The opportunity to provide land to a local congregation to accommodate its need for increased space, as contemplated in the *Civic and Recommended Plans* (and as can be accommodated in the other plans) would greatly enhance the University's relationship with this entity.
- The civic impact of the hotel/conference center at Long Lane, as contemplated in the *Commercial Plan*, is uncertain. Attraction of a downtown hotel is a prime economic development objective for the City of Middletown. The City may or may not embrace Wesleyan's pursuit of a different, but similar real estate venture on Long Lane. This plan anticipates a high quality experience in a campus-like setting, whereas the City aims to develop more of a business-class hotel. This plan anticipates a significant proportion of meeting spaces while the typical business hotel is quite limited that way. A more careful consideration of this issue, if undertaken, should determine whether there is adequate market segmentation to support either or both of these types of facilities. A related concern for municipal leaders and the business community is that, assuming its success, the conference center will create a commercial address for the site and enable the attraction of significant office space. The effect of the plan is to put competitive inventory on the market, specifically competing with I-91 office space.
- Sports facilities as shown in all four plans, if available to the public (even on a part-time basis), provide civic benefit much needed within Middletown.

Summary of Alternatives and Benefits

The following table summarizes the benefits of the different uses suggested in the alternative plans.

	<i>Retirement Housing</i>	<i>Open Space</i>	<i>Sports Facilities</i>	<i>Land Swap</i>	<i>Hotel/Conf Center</i>
<i>Recommend</i>	X	X	X	X	
<i>Academic</i>	X	X	X		
<i>Civic</i>		X	X	X	
<i>Commercial</i>	X		X		X
<i>Benefits to Mission</i>	- Enrich academic experience	- Enhance local image - Asset to arts, science classes	- Expands current facilities - Shared-use enhance local image	- Allow expansion closer to campus	None
<i>Civic Benefits</i>	- Attract affluent residents - Generate property tax	- Public enjoyment - Town support	- Town support of shared-use or public facility	- Enhance relationship with congregation	- Uncertain reaction - Creation of office space if successful - Town- perceived threat or opportunity?
<i>Other Benefits</i>	- Broad- based alumni support	- Support from alumni group - Possibilities for future development			- Education- related meetings

STRATEGIC IMPLICATIONS

In order to fully understand the ramifications of various possible University actions with respect to the Long Lane property, it is important to look beyond the program and land use recommendations of the various options to develop an understanding of the strategic implications of these options. The purpose of this section is to focus on the comparative financial outlook in order to provide decision-makers with the kind of information a landowner needs in order to assess short- and long-term activities.

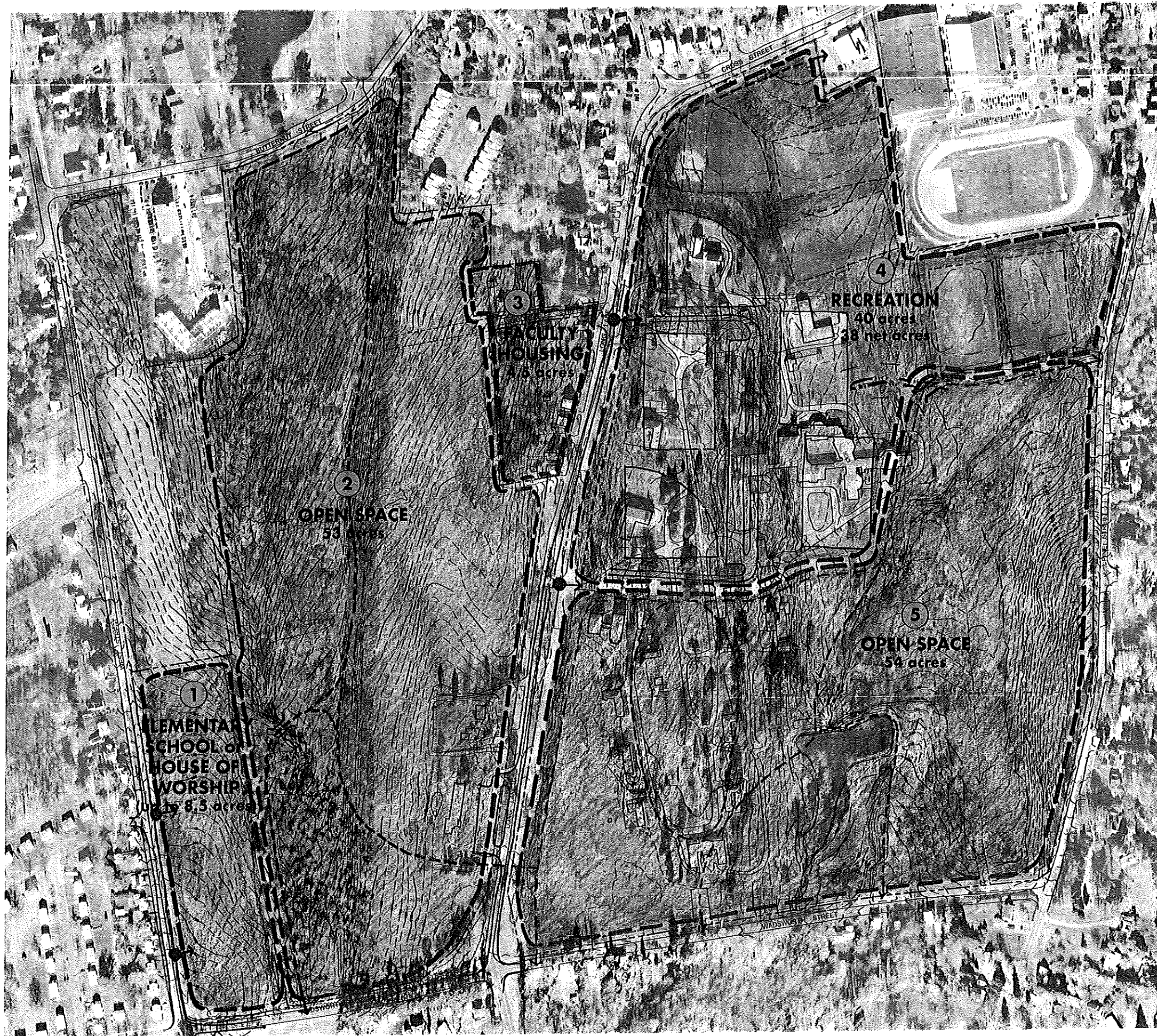
Faced with the remarkable opportunity to acquire a neighboring parcel of land and at the same time prevent the creation of an onerous adjacent use, Wesleyan wisely invested \$16 million in the Long Lane site. However, this initial outlay is only part of the price for the Long Lane property. Additional costs include interest on debt service payments and operating costs, as well as possible capital improvements, demolition costs and marketing costs needed to create value. From a financial perspective, each alternative is perhaps best

BACKGROUND NOTES

While preliminary steps in the Long Lane study considered a number of short-term options for the land, this effort is less prominent in the final report. There are three reasons for this. First, the University directed that the financial analysis assume a development start date of July 1, 2007 when the University is confident that the site will be vacated by its current users, remediated of any site contamination, and fully prepared for redevelopment. Therefore, anticipated market demand, particularly for short-term uses, is more speculative than if the analysis were prepared for immediate implementation. (In fact, the parcel could be prepared for market development in phases, if the University desired to establish a temporary use (uses) and/or initiate long-term development prior to the assumed start date in this report.) A second reason for limited consideration of short-term uses is that the near-term market demand for this site is, in general, relatively weak. Finally, development of this land for short-term uses may not effectively compete for University resources assigned to development activities.

The reader will note inclusion of athletic fields in each of the plans. This is done with the assumption that they will serve the University's need for expanded facilities. As planning advances the University can decide to share these fields with the municipality or rent them (on a part-time basis) to other entities. Thus, they can serve multiple objectives.

mch\g:\04400.00\projmgt\finalreport1_15_01.doc



Civic Use

Legend

House of Worship or Elementary School
Open Space*: 107 acres
Municipal Sport Complex
Student Housing*

* Note: 4.5 acres of student housing
may be added to open space.

Long Lane Property Land Use Study

WESLEYAN UNIVERSITY

Middletown, Connecticut

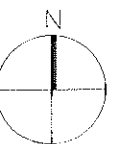
January 2001

SASAKI

Interdisciplinary Design
64 Prospect Street, Middletown, Connecticut 06455 USA
T 810 820 3300 F 810 824 2740 WWW.SASAKI.COM

Hamilton, Rabinovitz & Alschuler, Inc.

0 75 150 300 450
SCALE OF FEET





Recommended Land Use Plan

Legend

Open Space: 54 acres
Retirement Community: 380-1210 units
University Sport Complex

Long Lane Property Land Use Study

WESLEYAN
UNIVERSITY



Middletown, Connecticut

January 2001

SASAKI

Interdisciplinary Design
64 Prescott Street, Middletown, Connecticut 06457 USA
T 861 924 3300 F 861 924 2745 W www.sasaki.com

Hamilton, Rabinovitz & Alschuler, Inc.

0 75 150 300 450
SCALE OF FEET





Academic Use

Legend

Retirement Community: 240-840 units
Open Space: 94 acres
University Sport Complex

Long Lane Property Land Use Study

WESLEYAN
UNIVERSITY



Middletown, Connecticut

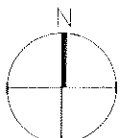
January 2001

SASAKI

Interdisciplinary Design
84 Prescott Street, Middletown, Connecticut 06452 USA
P 817.524.3300 F 817.524.2745 W www.sasaki.com

Hamilton, Rabinovitz & Alschuler, Inc.

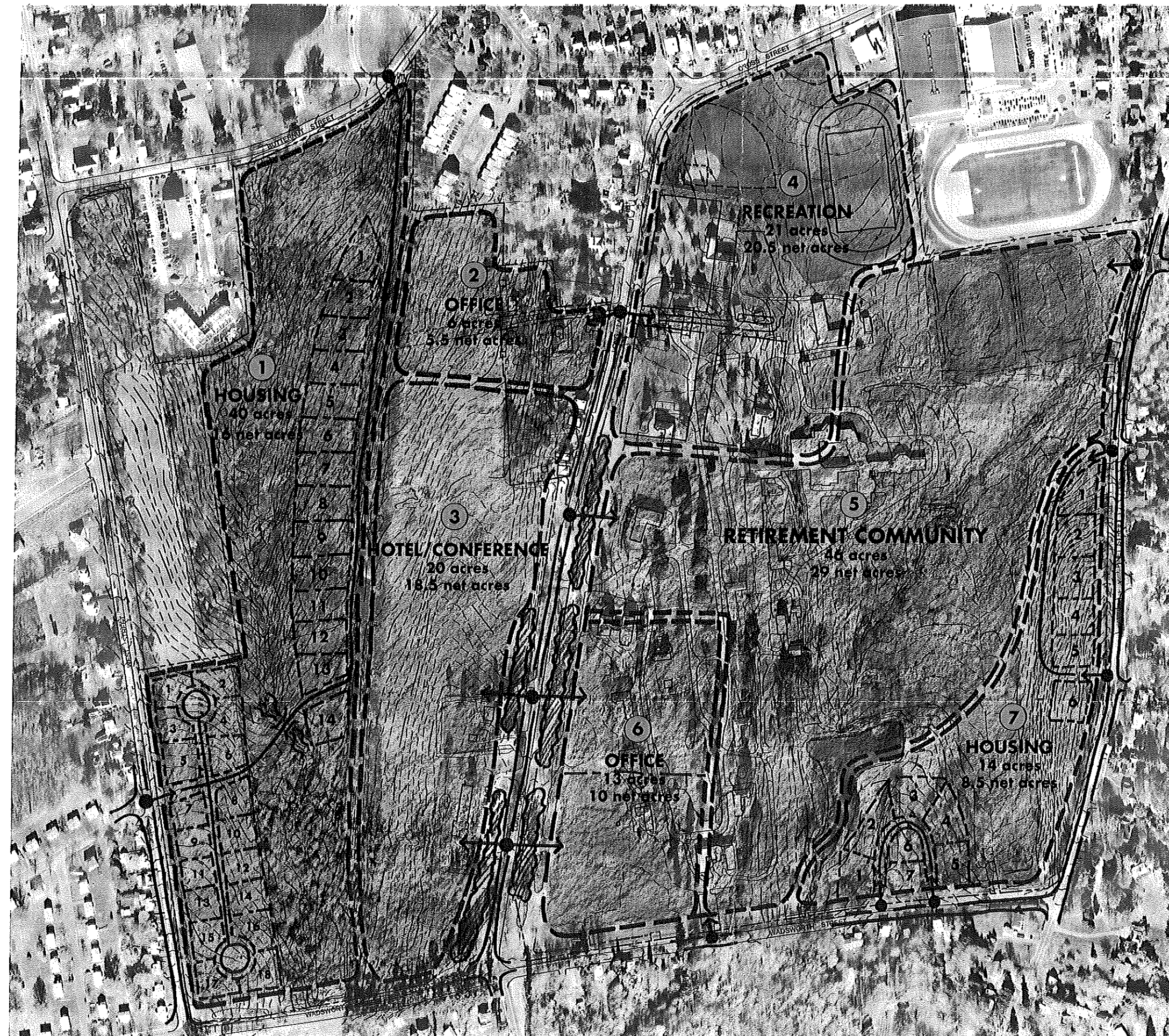
0 75 150 300 450
SCALE OF FEET



Commercial Use

Legend

Housing: 45 units
 Retirement Community: 290-1015 units
 Hotel/Conference Center (250 Rooms)
 Sports Complex
 Office: 341,000 SF



Long Lane Property Land Use Study

WESLEYAN UNIVERSITY

Middletown, Connecticut

January 2001

SASAKI

Interdisciplinary Design
 84 Pleasant Street, Woburn, Massachusetts 02190 USA
 Tel: 617 626 3500 Fax: 617 624 2745 www.sasaki.com

Hamilton, Rabinovitz & Alschuler, Inc.

0 75 150 300 450
 SCALE OF FEET

